



# PERFORMANCE STANDARDS

## Guidelines for Development and Revision

**A performance standard is the expected level of performance associated with a particular performance indicator for a particular period and funding level.** Performance standards are developed during the operating budget development process and established during the appropriation process. They represent the level of performance to be achieved during the fiscal year for which a budget estimate or an appropriation applies. In effect, performance standards are commitments for service; they identify the level of performance associated with the level of funding budgeted/appropriated. Actual program performance is compared against performance standards as part of the performance progress reporting process.

### Development of Performance Standards

Performance standards are derived from performance indicators, the tools used to measure the performance of programs. Performance indicators consist of two parts: indicator name and indicator value. The indicator name describes what you are measuring. The indicator value is the numeric value or level achieved within a given measurement period. Performance standards are the key and supporting performance indicator values enacted for in the general and ancillary appropriation acts for a particular fiscal year.

Performance standards are developed through the following phases:

- **Strategic Plan** (identification, selection, and documentation of performance indicators to be used to measure progress). Accountability begins with and is built into the strategic planning process; as goals and objectives are established, a balanced set of performance indicators is identified, selected, and validated. Performance indicators must be identified, selected, and validated in accordance with the guidelines established by the Division of Administration. Guidelines may be found on the Office of Planning and Budget (OPB) website (<http://www.state.la.us/opb/index.htm>); look on the Performance-Based Budget Strategic Planning page or the PBB Forms and Guidelines page. For “how to” information on strategic planning, see *MANAGEWARE: A Practical Guide to Managing for Results*, which is also available on the OPB website.
- **Operational Plan and Other Budget Request Forms** (reporting of performance indicators). Strategic plans are annualized through the operational planning and budgeting process. Program goals, objectives, and performance indicators are reported in the operational plan and other budget forms, in accordance with the guidelines established by the Division of Administration. Operational Plan and other budget forms and guidelines may be

found on the OPB website as part of the annual package of budget development materials. This budget development package is available on or before September 20<sup>th</sup> each year.

- **Program Narrative** (identification of performance indicator values at funding level recommended in the executive budget). Development of proposed performance standards begins with the calculation and reporting by budget units of projected program performance at the operating budget level recommended by the governor in the executive budget. During development of the executive budget and executive budget supporting document, the OPB sends to each budget unit a recommended budget dollar amount and a draft program narrative derived from the budget unit's total budget request document. Each budget unit must carefully and thoughtfully fill in the blank "at recommended budget" column of performance tables with performance indicator values that accurately reflect anticipated performance/service levels at the governor's recommended funding level for the upcoming fiscal year. The performance values reported by budget units at the executive budget recommendation level are subject to review by the Division of Administration before inclusion in the executive budget and executive budget supporting document.
- **Executive Budget and Executive Budget Supporting Document** (reporting of performance indicator values at the funding level recommended in the executive budget). Program performance indicators are included in both the executive budget (at the key indicator level) and executive budget supporting document (key and supporting performance indicators). For each performance indicator (key or supporting), the value (service level) shown in the "recommended budget" column of performance tables is a proposed performance standard. General performance information indicator values, which are presented at prior year actual levels, are not considered proposed performance standards.
- **Appropriation Bills** (inclusion of key performance indicator names and values as proposed performance standards). Key performance indicators for each program are included in the general and ancillary appropriation bills. These key indicators consist of the performance indicator name and the performance indicator value at the funding level proposed in the bill. The performance indicator values shown in an appropriation bill represent proposed performance standards. Performance information included in the program description and performance indicators presented as general performance information are not considered proposed performance standards. Appropriation bills, which are prepared by the OPB, initially contain the same performance indicators as the executive budget. However, during the appropriation process, performance information is subject to amendment. Performance amendments are tracked by the OPB.
- **Appropriation Acts** (establishment of performance standards). Performance standards proposed in the executive budget, executive budget support document, and appropriation bills become performance standards at the conclusion of the appropriation process. Key performance standards are the performance indicator values that appear in the general and ancillary appropriation acts. Supporting performance standards are the supporting indicator values that appeared in performance tables of the executive budget supporting document, as revised by any appropriation act amendment. All performance standards for a budget unit are transmitted by the OPB as an attachment to the appropriation letter package for that budget unit. Appropriation letter package performance tables include another performance

indicator value column, an “as initially appropriated” value column. The “as initially appropriated” column contains performance indicator values that have been adjusted by the OPB to reflect performance amendments to the appropriation bill. The performance impacts of a financial amendment are included if the financial amendment addressed associated performance. If there is a disagreement between the value for a particular key indicator as shown in an appropriation act and the value for that indicator as shown in the OPB appropriation letter package performance tables, then the appropriation act takes precedence.

If there is a disagreement between the value for a supporting indicator as shown in the “at recommended level” column of the executive budget supporting document and the “as initially appropriated” column of the appropriation letter package performance tables supplied by the OPB, then the performance table takes precedence.

## Revision of Performance Standards

Performance standards are linked inextricably with funding level, since they represent a return on investment—that is, the expected performance to be delivered or achieved at a particular funding level. Performance standards may be revised **only** through official instruments such as approved August 15<sup>th</sup> performance adjustments and BA-7 budget adjustments.

- **August 15<sup>th</sup> Performance Adjustments.** By August 15<sup>th</sup> each year, agencies may submit requested adjustments to performance data in the adopted budget, based on criteria established in R.S. 39:87.2 and guidelines provided by the OPB. Performance objectives, performance indicators, and performance standards are covered by this provision. Submissions must be made to the OPB and the Joint Legislative Committee on the Budget (JLCB), utilizing Performance Adjustment Request forms. Adjustment requests are subject to the review and approval of the Division of Administration and the JLCB (or a subcommittee thereof).

To assist budget units in identifying initial performance standards and needed performance adjustments, the OPB provides the following information as part of the annual appropriation letter package sent to each budget unit:

- Program performance tables showing objectives and performance indicators. Both “at recommended budget” performance values (proposed performance standards) and “as initially appropriated” performance values (initial performance standards) are provided for key and supporting performance indicators.
- Legislative tracking report that shows amendments to the pertinent appropriation bill.
- Links to the general appropriation and/or ancillary appropriation act, both of which are accessible on the Legislature’s website. Line item amendments and gubernatorial vetoes may be found in the final version of the legislation.
- Performance Adjustment Request (PAR) form, instructions, and guidelines for submission of August 15<sup>th</sup> performance adjustment requests. Guidelines identify criteria for performance adjustment requests and discuss situations that may qualify

for a performance adjustment request. (The PAR form, a Microsoft Excel workbook, and guidelines, in PDF format, are posted on the OPB website, under PBB Forms & Guidelines.)

Often, to bring performance into line with an appropriation act, it is necessary to request adjustments that revise objectives, performance indicators, and performance standards that already appear in budget and appropriation documents. However, if an appropriation amendment provides funding for a new or expanded service or breaks out an activity for separate presentation, it may be necessary to request establishment of new objectives and/or new performance indicators and standards. New objectives may be key or supporting level; new performance indicators may include key, supporting, and/or GPI level indicators.

Each PAR cover sheet must be signed by the head of the budget unit and include the name, title, and telephone number of a contact person who can answer questions about the request. Each requested adjustment must be fully justified. Requests must be submitted by August 15<sup>th</sup> of the fiscal year covered by the appropriation. (If August 15<sup>th</sup> falls on a Saturday or Sunday, the OPB will extend the due date to the Monday immediately following August 15<sup>th</sup>.) Requests must be submitted to the OPB and the Joint Legislative Committee on the Budget.

Approval by both the Division of Administration and the JLCB (or a subcommittee thereof) is required. Generally, the JLCB considers PARs in September. The person(s) from an agency most knowledgeable about performance adjustment requests on the committee agenda must be present at the committee meeting to answer detailed questions.

The OPB applies approved adjustments to performance objectives, indicators, and/or standards in the official performance database (the Louisiana Performance Accountability System or LaPAS).

Questions about the August 15<sup>th</sup> performance adjustment request process, criteria and guidelines for submission of performance adjustment requests, and/or the PAR form, may be directed to the appropriate OPB budget analyst at (225) 342-7005. The OPB website includes a listing of staff assignments.

- **BA-7 Adjustments.** During a fiscal year, a budget unit may find it necessary or desirable to amend its appropriation(s) or transfer allotments—that is, to increase or decrease its appropriation(s) or move funds between programs. The budget adjustment or BA-7 process is used to accomplish this change. The BA-7 form is available on the OPB website, under PBB Forms & Guidelines. Projected changes to performance resulting from a change or transfer of allotments must be reported on the performance portion of the BA-7 form. Adjustment of performance standards—both key and supporting—is required for changes in or transfers of budgeted funds if such fund changes or transfers impact performance.

Performance information must be presented in such a way that the impact of the BA-7 on program objectives and performance standards is clearly indicated. For each existing program objective affected, proposed modifications to the objective text must be presented. For each existing performance standard affected, the performance indicator name,

performance indicator code for the Louisiana Performance Accountability System (LaPAS), the existing performance standard value for that indicator, and the proposed change to that standard value must be provided. If the BA-7 creates new objectives or performance indicators, then that information must be included. If the BA-7 has no performance impact, then the lack of performance impact must be explained. **If the information on the BA-7 is insufficient to justify the request, the BA-7 will be returned for further information.** For BA-7s that require approval by both the commissioner of administration and the JLCB, the person(s) from an agency most knowledgeable about the BA-7 request must be present at the JLCB hearing to answer detailed questions. If the BA-7 is approved by the commissioner of administration and the JLCB, then the OPB makes adjustments to performance standards in the official performance database (LaPAS).

Questions about the BA-7 form, process, and/or guidelines may be directed to appropriate OPB budget analyst at (225) 342-7005. The OPB website includes a listing of staff assignments.

## Tracking Performance Standards and Actual Performance

The Division of Administration (DOA) is the official record keeper of performance data. The Louisiana Performance Accountability System (LaPAS), a performance database established by the DOA, allows the recording and tracking of performance standards. LaPAS provides a record of initial performance standards, approved revisions to performance standards (through the August 15th adjustment process, the BA-7 process, or any other process recognized by law or administrative procedure), and actual program performance reported through the performance progress reports. The Office of Planning and Budget is the DOA section responsible for maintaining the performance database. For information on LaPAS and performance progress reporting guidelines and deadlines or to view performance data reported by agencies, go to the LaPAS mainpage on the OPB website.

Questions concerning performance standards, the performance progress reporting process, or LaPAS may be directed to the appropriate OPB budget analyst at (225) 342-7005. The OPB website includes a listing of staff assignments.

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